



Black Broadcasters Alliance

June 30, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. Bill Kennard
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Dear Mr. Kennard:

For some time, the Federal Communications Commission has advocated increased minority ownership in radio and television. Those of us who have pioneered the way, overcoming obstacles, including lack of access to capital, have taken risks to build competitive minority-owned broadcast enterprises. We recognize that increasing minority ownership in the broadcast marketplace is of tantamount importance, and in that spirit, we are proud to announce the formation of a new voice in Washington – the Black Broadcasters Alliance.

Our foremost objective is to help ensure that minority enterprises and minority businessmen and women have opportunities to compete in today's highly competitive media market. As the Commission has long recognized, minority participation in the broadcast industry is an essential component of fostering a diverse national discourse and exchange of ideas.

I am writing to express our concern about recent statements by some government officials regarding the relationship between minority broadcast ownership and the Commission's local ownership rules. These officials have argued that relaxation of the rules will result in an increase in purchase prices for broadcast stations, thereby "pricing out" of the market potential minority owners. While these officials are well-meaning, they fail to appreciate the competitive realities that exist in our industry today. It is ironic that one of the reasons advanced for retaining the current rules is the need to keep station prices low to help minorities enter the industry. Even if a relationship exists between the duopoly rule and station prices, the reality is that the existing rule has done little to keep television station prices within the reach of most minority entrepreneurs and simply has not helped to lessen the industry's barriers to entry for new minority owners. Instead, the rule has prevented small minority businesses that have overcome the significant barriers to entry from expanding and competing effectively. When a television or radio station comes up

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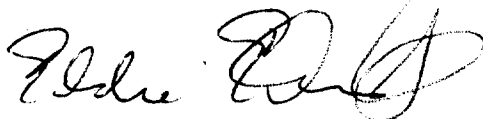
for sale, large group owners from outside the market typically make substantial bids for the property. Because of local market efficiencies, minority owners already located in the market should also be able to bid competitively for the station. Yet, minority broadcasters cannot compete for such a station because the Commission's rules prohibit them from developing the station with resources from the facilities they already own in the market. Indeed, in some markets that are less attractive to large group owners, the rule has resulted in broadcast frequencies remaining fallow for years. Thus, it is likely that relaxation of the duopoly rule will aid rather than harm minority entrepreneurs.

Moreover, continuation of local marketing agreements ("LMAs") will help all new owners, including minorities, gain a foothold in the broadcast marketplace. Those of us working in the industry know first-hand that local television stations compete with cable and other multi-channel services every day, and it is becoming extremely difficult for "individually" owned stations to survive in this multi-channel business environment. This is especially true for new owners in the industry. Local marketing agreements are key vehicles for enabling new minority-owned businesses to enter the broadcast marketplace, and they give small, emerging minority owners the opportunity to become competitive in a timely manner. Without LMAs, minority entrepreneurs would find it even more difficult to enter and remain in the broadcast business.

Participation in LMAs has helped me and other minority entrepreneurs gain more rapid access to capital and top quality programming. In terms of audience reached, my company, Glencairn, Ltd., is the largest African American-controlled broadcast company in the country. Glencairn purchases poorly-performing television stations and turns them into profitable businesses through the use of LMAs. LMAs have enhanced the company's ability to obtain first-run and top syndicated programs and children programming for its stations. Moreover, the revenue stream generated from the LMAs enables Glencairn's stations to better serve their communities through outreach projects and production of local news and public affairs programming. Before entering into the LMA, Glencairn's Pittsburgh, Pennsylvania station, WPTT(TV), was a home shopping station operating on a marginal basis. Moreover, prior to Glencairn's purchase of WABM(TV) in Birmingham, Alabama, the station was in bankruptcy and unable to purchase programming because of its poor financial state. Now both stations air popular first-run and syndicated programming as well as substantial amounts of core children's programming, and their ratings per share have increased. In addition to these two stations, Glencairn owns stations in Milwaukee, Wisconsin; Baltimore, Maryland; and Durham, North Carolina, all of which have utilized LMAs to become profitable and thereby increase the quality of service to their communities. The Commission's proposal to phase out co-market LMAs threatens the gains of minority broadcast companies such as Glencairn and future broadcast owners.

After taking enormous risks over the years, today's minority broadcasters deserve the opportunity to grow and prosper. Moreover, we feel that the interests of tomorrow's minority owners compel us to comment on these important issues. The true benefits of minority-owned stations will never be realized unless these businesses are permitted to expand and compete effectively. Retaining the television duopoly rule and eliminating LMAs would impede the growth of minority broadcast ownership and hinder our ability to expand and compete, while doing little to lessen the ever-mounting barriers to entering the ownership ranks of our industry. Indeed such a result would be the worst of all possible scenarios – not fixing what's broken and breaking what's working. Therefore, on behalf of current and future minority-owned television and radio stations across the country, I urge you to relax the existing duopoly rule and to retain LMAs.

Sincerely,

A handwritten signature in dark ink, appearing to read "Eddie Edwards, Sr.", with a stylized, cursive script.

Eddie Edwards, Sr.
Chairman
Black Broadcasters Alliance

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